December 30, 2004

Publication 1346 Part I – File Specification Changes #7

The changes are identified by two vertical bars in the right margin (||).
Deletions are identified by a hyphen followed by two vertical bars (-||).

PATS Testing – ERC 1086 will be implemented January 10, 2005.
        No impact for ERC 0095, 0104, and 0603.

ERC 0095   Replaced SEQ 0460 with SEQ 0600

ERC 0104   Added an exception

ERC 0603   Revised text

ERC 1086   Deleted

Part 1 - File Specification, Section 3, Acknowledgement File Format
        Subsection 1, Acknowledgement file components, Item 25 was revised

Part 1 - File Specification, Section 3, Acknowledgement File Format
        Subsection 2, Acknowledgement File Record Layout, ACK Key Record,
        Field Number 0010 Field description was revised.

ERROR REJECT CODE (ERC) CROSS REFERENCES

<u>**ERC**</u>   <u>**DESCRIPTION**</u>

0095 o Form 2441/Schedule 2 – If Total Qualified Expenses or Limit
         (SEQ 0230), or Credit for Child & Dependent Care (SEQ **0339),** or
         Net Allowable Amount (SEQ **0600**) is greater than zero, then ||
         Qualifying Person SSN – 1 (SEQ 0214) must be significant. The
         Qualifying Person information on Line 2 is not required when
         Prior Year Expense Literal (SEQ 0318), Prior Year Qualifying
         Person Name (SEQ 0324), and Prior Year Qualifying Person SSN
         (SEQ 0326) are present and there are no current year expenses.

      o If Credit for Child & Dependent Care (SEQ **0339**) is significant, |
         and Total Qualified Expenses or Limit (SEQ 0230) or Net
         Allowable Amount (SEQ **0600**) is greater than zero, then Primary ||
         Earned Income (SEQ 0260) (and Spouse's Earned Income (SEQ 0270)
         when Filing Status (SEQ 0130) of Form 1040/1040A equals "2")
         must be significant.

0104 o Form 1040/A/EZ – Form W-2 Wages (SEQ 0120) must equal Wages or |
**   be less than Wages (SEQ 0375) of Form 1040/A/EZ. |**

**   Exception: If Statutory employee and no federal withholding on ||**
**   Form W-2, then this check is bypassed. ||**

0603 o Form 8862 – Qualifying Child of Another Person (SEQ 0030)
         must equal "X". If Qualifying Child of Another Person – **No Box** ||
         (SEQ 0030) does not equal "X", the taxpayer is not eligible to
         file Form 8862 and claim Earned Income Credit.

1086 o RESERVED   ⁻||
                                                                               ⁻||

.01   Acknowledgement File Components continued

19.   The "3" in the PIN Presence Indicator field means that taxpayer PIN
is present and was entered using the Self-Select PIN method by
Online.

20.   The "4" in the PIN Presence Indicator field means that a State-Only
return was filed.

NOTE: **Taxpayer PIN cannot be used with State-Only returns and** |
Form 8453 or 8453-OL is NOT required. |

21.   A "(blank)" in the PIN Presence Indicator means that a return with
a PIN was rejected.

22.   The "R" in the Reserved IP Address Code field of the ACK Key Record
indicates that a reserved IP address is present for this return.

23.   Up to 96 ACK Error Record(s) may be furnished to the electronic filer,
one for each four-position Error Reject Code. Filers should use these
Error Reject Codes to determine the source of the error causing the
return (or transmission) to be rejected. If more than the maximum
number of reject conditions are identified, the last reject code will
be "0999".

24.   The Error Reject Codes and references to validation criteria related
to the error conditions are listed in Attachment 1. Filers should
use this information to resolve reject conditions. When a condition
cannot be resolved with the information provided, the filer should
contact the Electronic Filing Unit at the applicable submission
processing center for assistance.

25.   A "Y" in the EIC Indicator Field Description on the ACK Key Record
indicates:

   a.   The taxpayers identified on this return have been selected for
the Service's EIC Residency Certification Test.

   b.   These taxpayers are required to submit Form 8836, Qualifying
Children Residency Statement and related documents to:

         Internal Revenue Service
         Stop 4300, Annex R-2
         Kansas City, MO 64999-0065 or

         Fax form and documentation to: (913) 266-9640

   c.   The EIC portion of the refund will be held until the EIC
Residency test is verified.

   d.   If you have questions or need help, please call our special
toll free number at 1-800-294-**6088**. ||

26.   A "blank" in the EIC Indicator Field Description on the ACK Key
Record indicates these taxpayers were not selected for the Service's
EIC Residency Certification Test.

SECTION 3 – ACKNOWLEDGEMENT FILE FORMAT

.02 Acknowledgement File Record Layouts

1. ACK KEY Record - Acknowledgement File Key Record

Field No.	Identification	Form Ref.	Length	Field Description
	Byte Count		4	"0120"
	Start of Record Sentinel		4	Value "****"
0000	Record ID		6	Value "ACKbbb"
0005	Reserved IP Address Code		1	"R" = Reserved or Blank
0010	EIC Indicator		1	"Y" or Blank **(If "Y", see Section 3.01 Item 25 for more details)**
0020	Taxpayer Identification Number		9	N (Primary SSN)
0030	Return Sequence Number		16	Numeric ETIN (5), Transmitter's Use Code (2), Julian Day (3), Trans Seq Num (2), Seq Num for Return(4)
0040	Expected Refund or Balance Due		12	Refund or Balance Due from Applicable Return
0050	Acceptance Code		1	"A" = Accepted "R" = Rejected "D" = Duplicated Return "T" = Transmission Rejected
0060	Duplicate Code		3	"D" = Duplicate DCN or zero "P" = Duplicate Primary SSN or zero "S" = Duplicate Spouse SSN or zero
0065	PIN Presence Indicator		1	"0" = No PIN **Present** (**F**8453 or 8453-OL Required) "1" = Practitioner PIN "2" = Self-Select PIN by Practitioner Used "3" = Self-Select PIN Online Used "4" = State-Only PIN, **F**8453/8453-OL is NOT Required Blank = Rejected Return
0070	EFT Code		1	Blank